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From "business-like" to businesses: Agencification, corporatization, and civil service reform under the Thatcher administration

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Abstract

This paper sets out an archival account of events leading up to the mass agencification of the British civil service by the Thatcher administration (1979–1990). This account holds lessons for contemporary understandings of the ideological roots and institutional structures of corporatization. When Thatcher came to power in 1979, she wanted to make government "efficient" through the adoption of "business-like" practices. We show that this project was grounded in her Methodist upbringing and the emerging neoliberal economic theories of Friedrich Hayek and Milton Friedman. Thatcher's efforts to instill a "market mentality" were met with stubborn resistance from a bloc of Ministers and senior civil servants. We find that Thatcher used agencification to break this resistance. Agencification removed Ministerial control over service delivery and saw "business-like" managers placed in charge of the newly created agencies. This curtailed the workings of democracy. Like Thatcher's agencification, corporatization today imperils democracy in pursuit of "efficiency."

1 | INTRODUCTION

There has always been an ebb and flow in terms of the extent of nominally "public services" provided by various assemblages of boards, charities, and the private sector. After WWII, many strategic industries, seen as vital for competitiveness and job protection, were nationalized by the British Labour Party and other social democratic parties throughout Western Europe. In the 1980s, the Thatcher government set about reversing this trend, pioneering the worldwide momentum in privatization. Drawing less attention, towards the end of the Thatcher administration, the UK initiated another globalized trend—*agencification*. Agencification ("separating steering from rowing") was popularized internationally by Osborne and Gaebler (1992) and Osborne and Plastrik (1997), the later work based on UK archives surrounding agencification.

The ebb and flow of the provision of public services by the private sector continues unabated. The contemporary dominance of private sector provision is being questioned (McDonald, 2014). Governments are bringing formerly privatized or outsourced public services "back in house" (Reynolds et al., 2016) and returning the ownership and management of public services from the private to the public sector (Clifton et al., 2019). Within this broader "municipalization" movement, governments are also *corporatizing*—creating state-owned enterprises as service delivery vehicles (Ferry et al., 2018).

In this paper, we follow other scholars of public administration in studying corporatization as it relates to agencification (Bilodeau et al., 2007; Lægreid et al., 2013; McDonald, 2014). Grossi and Reichard (2008, p. 606) explain that corporatization is "a variant of autonomization and goes one step further compared with agencification." We see this "step further" as a move from the creation of "business-like" agencies (agencification) to the creation of businesses (corporatization) as public service delivery vehicles. Both agencification and corporatization remove control over the *operation* of public services from elected politicians, doing so in the name of improving efficiency and effectiveness. In this, agencification and corporatization could simply be seen as "neoliberal" governance devices, which attenuate the power of the state in favor of market mechanisms. We present a more complex perspective through a study of recently declassified archives of Margaret Thatcher, demonstrating that agencification, unlike privatization, was not a central pillar in Thatcher's evolving neoliberal project: privatization was pursued immediately, and with vigor; by contrast, it was not until 1986 that agencification was even considered. At this stage, agencification emerged as a pragmatic maneuver by Thatcher to nullify the resistance of those frustrating her mission to make radical changes to government, which she believed shackled individual freedoms and impeded the "efficient" workings of capitalist markets.

The paper proceeds as follows. We begin by reviewing the literature on agencification and corporatization, before discussing the Westminster Model of government. We then set out a discussion of the relations between Thatcher's religious-moral beliefs and her political-economic policies. This is followed by our research methods. Next, we lay out our archival study of agencification in the UK. We conclude by discussing our findings and providing some final reflections on the lessons on corporatization from agencification.

2 | AGENCIFICATION AND CORPORATIZATION

Agencification is a structural reform to government that involves creating service delivery units operating independently ("at arm's length") from direct government control (Verhoest et al., 2012). The central principle of agencification is that "myopic" and "self-serving" elected central and local government officials should *not* be responsible for administering delivery of public services. Thus, agencification aims to depoliticize government by creating distance between politics and administration; this distance is intended to shield public services from the vacillations of politics and facilitate professional, impartial delivery of public services (Wynen et al., 2020).

Agencification accelerated globally in the 1980/1990s in tandem with the ascendancy of neoliberal politics and the rise of New Public Management (NPM), although agencies existed well before this in some countries (Verhoest

et al., 2012). As such, some see agencification as an inherently neoliberal process. Others have argued that the meaning of agencification is "ambiguous," having been enacted by parties across the political spectrum for differing reasons (Moynihan, 2006). Corporatization is similarly not historically "new" (Skelcher, 2017), but is becoming increasingly common. Like agencification, corporatization is mobilized by parties across the political spectrum (Baekkeskov, 2011).

Importantly, although both executive agencies and corporatized entities have proved to be ideal hosts for neoliberal values and the doctrines of NPM, neither are necessarily bound up with or identical to NPM or neoliberalism (Hood, 1991). Both agencification and corporatization have been used by diverse political regimes throughout history (McDonald, 2014, pp. 6–7). Moreover, agencification and corporatization persist today amidst what some see as the fading of the "ephemeral theme" of NPM (Lynn, 1998). Proponents argue that new forms of governance, which place democratic and public values at their core, are now emerging and displacing NPM (Bryson et al., 2014; Denhardt & Denhardt, 2015). However, others argue that there is little evidence of the demise of NPM (Funck & Karlsson, 2020) and that it is still "very much alive" (Hyndman & Lapsley, 2016).

An important distinction between agencification and corporatization is their organizational form and legal status. In contrast to "business-like" agencies, which remain government organizations whose budgets come from government and whose staff remain public sector employees, "corporatized agencies" (McDonald, 2014, p. 207) are for-profit businesses with separate legal status and private employees that finance their activities by generating their own revenues (Grossi & Reichard, 2008). These corporations remain public organizations insofar as the state maintains whole or majority ownership of the enterprise (Clifton et al., 2019).

Although some have used the terms agencification and corporatization interchangeably (Bilodeau et al., 2007; Hood, 1991; McDonald, 2014), we acknowledge that they are distinct, and that "agencified" and "corporatized" entities have very different legal structures. However, both agencification and corporatization have a profound impact on the workings of democracy. Both distance the control of, visibility, and responsibility for the operation of public services from democratically elected officials. In the UK, this means a fundamental change to the "Westminster model" accountability links between a Minister and their civil servants and in terms of the traditional "neutral" role of UK civil servants.

2.1 | The Westminster model

The "Westminster model" of government depends upon a distinction between "parliament" and "government." *Parliament* consists of every elected Members of Parliament (MP). Its role is not to govern, but to scrutinize legislation and to hold Ministers to account. The functions of *government* are delegated to a small number of MPs who form a Cabinet consisting of Ministers. After a General Election, the leader of the winning party normally becomes the Prime Minister (PM). The PM appoints MPs to Cabinet/Ministerial positions and depends upon their cooperation/support (Smith, 1994).

A further feature of the Westminster Model is a "neutral" civil service, which serves whichever political party is in power. Newly appointed Ministers frequently have little knowledge of their departments, so are reliant on their senior civil servants, forming close relationships with them. Relatedly, senior civil servants had a key role in policymaking (Jordan, 1981). When Thatcher came to power, Ministers had operational control over their departments, meaning they were responsible for, and could directly intervene in, day-to-day departmental workings.

In 1979, government departments were large; the British state owned the majority of strategic industries and utilities following post-WWII nationalization. A small section of the Conservative Party wished to bring about radical change to government, guided by logics that cohered around the valorization of market mechanisms over state-planning, exemplified by the work of Friedrich Hayek and Milton Friedman. For Thatcher, raised as a Methodist, these logics were arguably intertwined with her early religious beliefs. In the next section, we consider Weber's (1930)

work on the importance of religion for socioeconomic development and the work of Hayek and Friedman, who also had a profound influence on the development of neoliberalism and Thatcherism.

3 | THE RELIGIOUS-MORAL ROOTS OF THATCHER'S POLITICAL-ECONOMIC POLICIES

3.1 | Weber's capitalist spirit

Weber (1930) argues that the desire for wealth is trans-historical/cultural. It is not unique to, nor a distinguishing feature of capitalism. But, as an economic system, capitalism requires the regularized reinvestment of capital in continuously functioning enterprises. Accordingly, capitalism requires that the pursuit of wealth should not be for material luxuries, but for investment. This is the essence of the spirit of modern capitalism:

> Man is dominated by the making of money, by acquisition as the ultimate purpose of his life. Economic acquisition is no longer subordinated to man as the means for the satisfaction of his material needs. Weber (1930, p. 18)

Capitalism required asceticism and self-discipline; to Weber, this is a distinctively moral outlook, and he finds adherents to this historically peculiar asceticism in the various Puritan sects: Calvinism, Methodism, Pietism, and Baptism. While much of Weber's work concentrates upon Calvinism, he is not solely interested in Calvin's doctrines (such as predestination—only "chosen/divine" people will go to heaven; the "*sign*" that you are "divine" is the possession of worldly *material riches*) but in their later evolution within the Calvinist movement.

Thatcher was raised in a Wesleyan-Methodist family. Her father, Alfred Roberts, was a lay-preacher. In a study of Roberts' sermons and Thatcher's archives, Weiss (2011, pp. 19–21) found an overarching theme of personal responsibility running through Roberts' preaching—each individual must find their *own* salvation. Weiss (2011) argues that Thatcher was a deeply religious politician who took many of her moral and ethical convictions from her father and her religious upbringing (see also Young, 1989).

The centrality of Thatcher to our arguments makes Weber's insights into Methodism particularly significant. Methodism arose in the eighteenth century within the established Church of England. It was not intended to form a new church, but "a new awakening of the *ascetic spirit* within the old" (Weber, 1930, p. 53, emphasis added). John Wesley, the theologian at the head of the Methodist movement, did not believe in predestination. Nevertheless, Methodism's Calvinistic character remained decisive. Methodism provided "a religious basis for ascetic conduct after the doctrine of predestination had been given up" (Weber, 1930, p. 92). The Methodist "*sign*" that you would be "saved" was not material riches on earth (as in Calvinism), but *your ascetic conduct and your hard work*. To a Methodist, wasting time is, in principle, the deadliest of sins. Time is infinitely valuable, to both rich and poor, because every hour lost is lost to labor for the glory of God. Unwillingness to work is sinful. Methodists further held that St. Paul's doctrine ("If a man will not work, he shall not eat") applies unconditionally for everyone.[1]

In 1978, Thatcher wrote in the *Daily Telegraph* of the connection between her religious beliefs and convictions as a politician. She stated that an important, Christian contribution to political thinking,

> is that the individual is an end in himself, a responsible moral being endowed with the ability to choose between good and evil. One of the great errors of our time is to equate the community aspect of our lives with the power of Government exercised through bureaucracy. It is one thing to say that we all have a duty to look after our less fortunate fellows, at home and abroad, and

> quite another to imply that this duty can always be most efficiently performed by delegating it to the State.[2]

This speech, and others, appears to carry a similar belief in the importance of individual "moral responsibility" to that of her father. Thatcher's concern with "government-bureaucracy" is, perhaps, more indicative of her embrace of the economic thought of Hayek and Friedman. We turn to this next.

3.2 | Neoliberal theorists: Hayek and Friedman

In the early 1940s, Hayek, with the experience of the rise of Nazism, wrote *The Road to Serfdom*. This work was concerned with the best "system" to guide economic activity. He argued strongly in favor of the "superior efficiency" of free markets over "planned" economic systems, claiming that, "The liberal argument does not advocate leaving things just as they are; it favours making the best possible use of the forces of competition as a means of coordinating human efforts … where effective competition can be created, it is a better way of guiding individual efforts than any other" (Hayek, 1945, p. 45). Hayek believed that planners could never have sufficient information/foresight to enable them to guide economic activity better than markets. Accordingly, market competition should dictate/guide economic activity, to the extent that the state should not shield even the superior/rich from the vagaries of the market:

> The liberal, of course, does not deny that there are some superior people—he is not an egalitarian—but … the liberal feels that no respect for established values can justify the resort to privilege or monopoly or any other coercive power of the state in order to shelter such people against the forces of economic change. Hayek (1960, p. 524)

Hayek's opposition to state "interference" in markets extended to central bank monetary policy. This was a notable divergence with Milton Friedman, another central figure in the development of neoliberal economics. Hayek remarked: "Milton and I agree on almost everything except monetary policy" (Kresge, 1994, p. 128).

Significantly, Hayek saw socialism/state-planning as a forerunner of and interconnected to fascism, stating that "…the majority of people still believe that socialism and freedom can be combined. They do not realize that democratic socialism, the great utopia of the last few generations, is not only unachievable, but that to strive for it produces something utterly different—the very destruction of freedom itself" (Hayek, 1945, p. 44). Hayek further believed in a semi-religious notion of individualism, arguing that "Individualism, in contrast to socialism and all other forms of totalitarianism, is based on the respect of Christianity for the individual man and that it is desirable that men should be free to develop their own individual gifts and bents" (Hayek, 1945, p. 42).

Where Hayek promoted a market order in somber, foreboding tones, Friedman reinterpreted his work in popularizing, optimistic terms, coupling free-market capitalism with consumerist notions of freedom and choice. In contrast to Hayek's warnings of the rise of authoritarian powers, Friedman was a public showman, marketing his ideas globally in a television series *Free to Choose* (Friedman & Friedman, 1980). The upbeat tone of Friedman's work was influential in establishing electoral support for parties endorsing free-market policies; this was boosted by his Nobel Prize for Economics in 1976.

The ideas of Hayek and Friedman were promoted by three British think tanks (Institute of Economic Affairs, Centre for Policy Studies (CPS), and Adam Smith Institute) (James, 1993), whose members played a major role in the articulation of neoliberalism. We discuss think tanks and the personal connections between senior Conservatives, Hayek, and Friedman, further in section 5.1, illustrating both Hayek and Friedman's influence on Thatcher's Conservative administration.

For Thatcher, the direct application of neoliberal theory into practice was not possible. Instead, the way the neoliberal ideas of Hayek and Friedman were put into practice intersected with, among other factors, the constraints of

cabinet government and the risk of losing power at the next election. Spending on things that are the antithesis of pure neoliberal theory—for example on unemployment benefits, which *increased* in real terms under the Thatcher administration (Mack & Lansley, 1985)—were sustained to win elections so as to pursue a long-term neoliberal agenda.[3] Indeed, as we show in our archival study, Thatcher did not come to power with a pristine neoliberal "blueprint" to implement. Neoliberalism was very much still in the making. Instead, Thatcher had to construct and modify her vision in response to the contingencies of practice.

This section has shown that despite some particular differences (e.g., on monetarism) neoliberals like Hayek and Friedman held a set of core beliefs: that markets were the best way of organizing economic activity, and that politics and democracy were to be distrusted. The state must not "interfere" to rectify systemic social problems (e.g., poverty or homelessness) but should leave individual endeavor and markets to correct these. While markets were deemed to be the most efficient way to run an economy, in the Thatcher administration, this somehow transmuted into *business* management being equated with *efficient* management. Conversely, public sector/civil service administration was seen as *inefficient* management. This was part of a significant international political and cultural shift in the 1980s—"The private sector, very much against the previous tradition of a profit-greedy villain, was accepted as a hero, a model, and a source of inspiration" (Czarniawska, 1985, p. 85). Therefore, pursuing efficiency not only involved efforts to cut waste and unnecessary costs, but also meant becoming "business-like" because of an emerging belief in the superiority of private sector management techniques and business more broadly. This belief evolved as one of the seven key doctrines of NPM (Hood, 1991).[4] Next, we explain how we conducted our archival study.

4 | RESEARCH METHODS

We carried out an archival study of material relating to the period prior to and until the end of Thatcher's tenure as Prime Minister. Our study was conducted mainly through the Margaret Thatcher Foundation Archive (MTFA),[5] which holds a collection of her now declassified, official files as Prime Minister, and files from before and after her premiership.[6] These files come from a variety of sources, including but not limited to: Margaret Thatcher's personal papers, her Official Prime Ministerial files (cabinet papers, meeting minutes, briefing documents, and so on),[7] Hansard records of parliamentary activity, UK National Archives, Churchill Archives Centre, US Presidential Libraries (of Carter, Reagan, and Bush), and the Hoover Institution. Covered in handwritten notes, these materials give a rich picture of the workings, tensions, and conflicts in the Thatcher administration. We also studied the official files of the Chancellor of Exchequer.[8] This allowed us to better understand the struggles wrought over economic policy, privatization, and agencification. To contextualize the archives and triangulate our findings, we reviewed contemporaneous newspaper and journal articles and (auto)biographies of key figures.

Thatcher's team of Private Secretaries handled the archiving by collating papers under topics (e.g., Civil Service, The Economy, European Policy, Defense) with a sub-heading (e.g., Civil Service: Pay Cuts) and placing these into Manila folders that were given a number code (e.g., PREM19/60). Large topics are split over multiple folders (i.e., PREM19/61, PREM19/62, and so on). Each folder typically contains a maximum of 300 pages. As most of the materials held in these folders are not machine readable, manual readings were necessary.

We concentrated on searching the archives for materials relating to the Efficiency Unit, the economy, Cabinet meetings and other efficiency initiatives, for example the Financial Management Initiative (FMI) and the Management Information System for Ministers (MINIS). We found that these subjects were mostly filed in folders under the topic of "Government Machinery." There were 139 folders opened under this topic, containing an average of 200 pages per folder, with the largest folder running to 549 pages (PREM19/250). We restricted our readings to folders with sub-headings relevant to our study (e.g., "PREM19/242: Government Machinery: Promotion of efficiency and elimination of waste: the scrutiny programme"). After searching and reading the archives individually, we compared our findings. We then collated a shared bank of important files that allowed us to reconstruct a narrative of how mass central government agencification came to being. We present this in the next section.

5 | AN ARCHIVAL STUDY OF AGENCIFICATION

The Thatcher government came to power at a historical moment in which many of the norms in politics and economics established after WWII were questioned and challenged. The Keynesian economics of the post-war settlement appeared to be incapable of confronting the major economic issues of the day in Western capitalist economies—unemployment, rising inflation, and deep recession. Labor sought to remain in government by campaigning on a base of modified Keynesian policies. Under Thatcher, the Conservative Party made a radical break with its past, endorsing a new political and economic vision. Today we understand this as neoliberalism. In the next section, we examine how this vision was formed; we then work through a historical examination of how Thatcher and her allies sought to impose their vision in government, focusing specifically on the efforts made to reform the civil service and the role of agencification in realizing this project.

5.1 | Thatcher and her allies' ideological roots

The Thatcher government was deeply committed to free enterprise and individual responsibility and opposed to welfarism/socialism (Fry, 1984). Shortly after election victory in 1979, Thatcher announced:

> Everywhere there is a crisis of Socialism. Everywhere a confirmation that capitalism produces freedom and prosperity.[9]

While events of the 1970s meant that there was an inescapable economic imperative to concentrate on British economic recovery (Fry, 1988), Thatcher and her allies saw themselves as engaged in a fierce ideological battle over the heart of the Conservative party and the nation (Blowers, 1987). Thatcher and her close supporters thought both party and nation had been poisoned by "immoral" socialist ideals.[10] Speaking in 1976, 3 years before the general election, Thatcher declared that the British people were facing "The Historic Choice … between state domination and personal freedom. Between suffocating, and breathing free."[11]

Establishing a polarizing choice between idealized visions of freedom and demonized portrayals of welfarism was a central political-rhetorical strategy for Thatcher. In November 1977, during early planning for the upcoming election, Keith Joseph—her most trusted political companion and then Head of Policy Formation and Research in Thatcher's shadow cabinet—mused over possible campaign slogans: "Margaret or Marx" or "Margaret or Marxism."[12]

Such musings illustrate the deliberate effort made to cultivate a new direction for the Conservative party after election defeat in 1974. Following this defeat, Thatcher and Joseph underwent radical ideological transformation, co-founding the CPS. The CPS was created as a radical alternative to the party's existing policy unit, which Joseph and Thatcher regarded as unduly informed by welfarism and Keynesian economics.[13]

Importantly, the newly formed CPS advanced the prominence of the ideas of Hayek and Friedman in British political discourse. Correspondence from 1974 shows an exchange between Keith Joseph and Ralph Harris (Head of the Institute for Economic Affairs—IEA[14]), in which Joseph writes:

> I'm steeping myself in Hayek—and am ashamed not to have read the great Constitution of Liberty long ago … I've also read Friedman's Monetary Correction.[15]

Joseph acted as a lynchpin, connecting the neoliberal ideas of the IEA, Hayek, and Friedman with Thatcher and the Conservative party. Crucially, when Joseph had to withdraw his party leadership bid after making an infamous speech in October 1974,[16] he endorsed Thatcher as his replacement. Joseph had gathered significant support, and his endorsement was a vital contribution to Thatcher's successful campaign.

Aided and supported by a series of individual, intellectual, and institutional supporters, Thatcher promoted a new, aggressively pro-business, anti-state political agenda. For Thatcher, "free enterprise" and capital accumulation were *the* route to human progress:

> The Conservative approach—the Right Approach—based on the mixed economy and free enterprise, gives economic power to the people, not the planners. The customer is King, not the politician and the bureaucrat. Free enterprise is the only way to create the wealth that the nation needs and to provide a better life for all our people.[17]

Importantly, Thatcher presented "free enterprise" and capital accumulation as not only *materially* superior to varieties of Keynesianism and socialism, but also *morally* superior:

> The economic success of the Western world is a product of its moral philosophy and practice. The economic results are better because the moral philosophy is superior. It is superior because it starts with the individual, with his uniqueness, his responsibility, and his capacity to choose.[18]

These quotes demonstrate how Thatcher's vision was infused with Methodism and the works of Hayek and Friedman. Connections between Thatcher, Hayek, and Friedman were not merely theoretical, however. Both interacted with Thatcher on a personal basis, visiting her in London on several occasions.[19] Congratulatory letters sent after election victory in May 1979 give an idea of the relationships between them. In a telegram sent on May 5th, 1979, Hayek wrote to Thatcher (Figure 1):

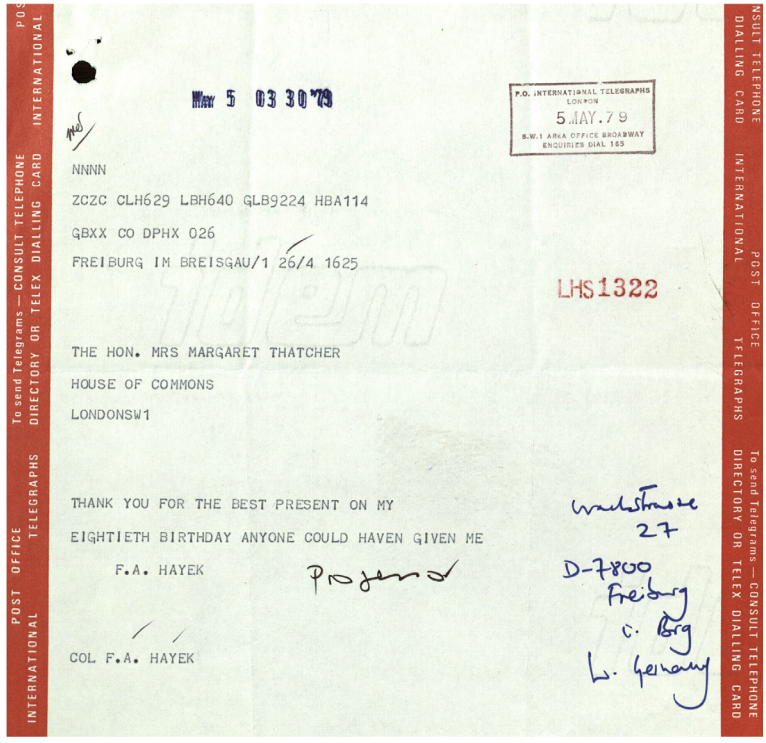
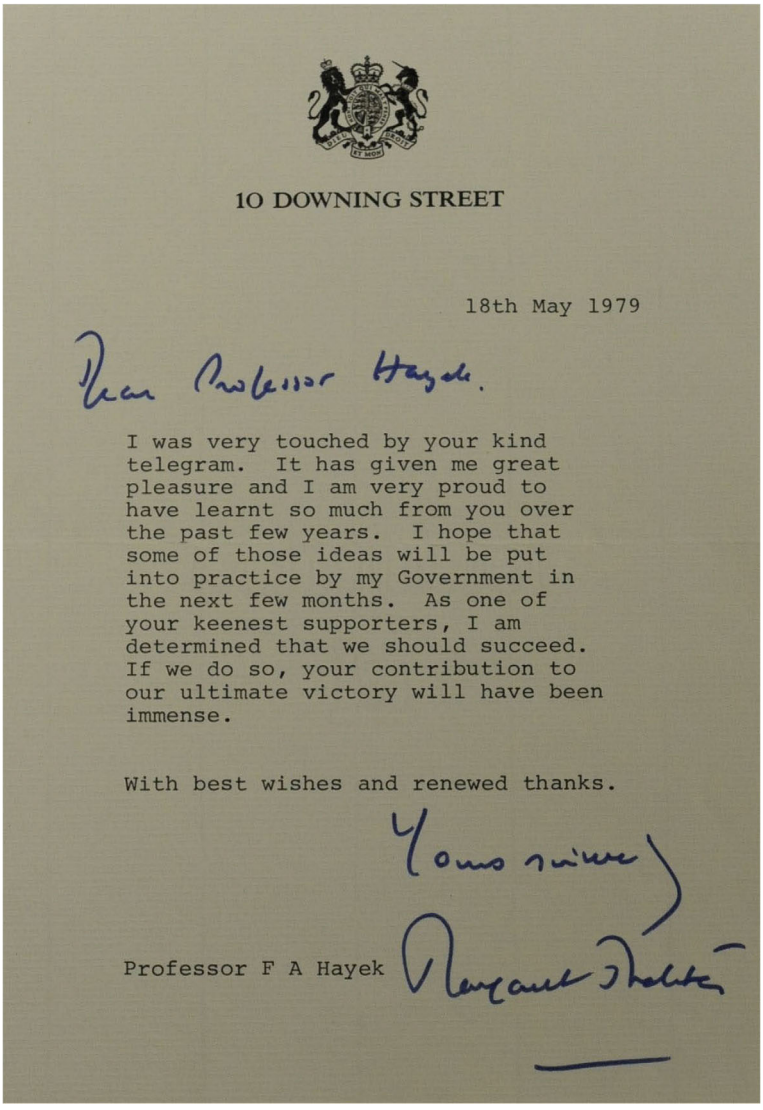


FIGURE 1 Friedrich Hayek to Margaret Thatcher, May 5, 1979. MTFA-112178, p. 3. Reproduced with permission from the General Editor of the Collected Works of F.A. Von Hayek, Professor Bruce J. Caldwell, Duke University, Department of Economics. Available at: https://www.margaretthatcher.org/document/112178

> Thank you for the best present on my eightieth birthday anyone could have given me.[20]

Thatcher's response gives a clear sense of her admiration of Hayek and his ideas (Figure 2):

> I was very touched by your kind telegram. It has given me great pleasure and I am very proud to have learnt so much from you over the past few years. I hope that some of those ideas will be put into practice by my Government in the next few months. As one of your keenest supporters, I am determined that we should succeed. If we do so, your contribution to our ultimate victory will have been immense.[20]



10 DOWNING STREET

18th May 1979

Dear Professor Hayek.

I was very touched by your kind telegram. It has given me great pleasure and I am very proud to have learnt so much from you over the past few years. I hope that some of those ideas will be put into practice by my Government in the next few months. As one of your keenest supporters, I am determined that we should succeed. If we do so, your contribution to our ultimate victory will have been immense.

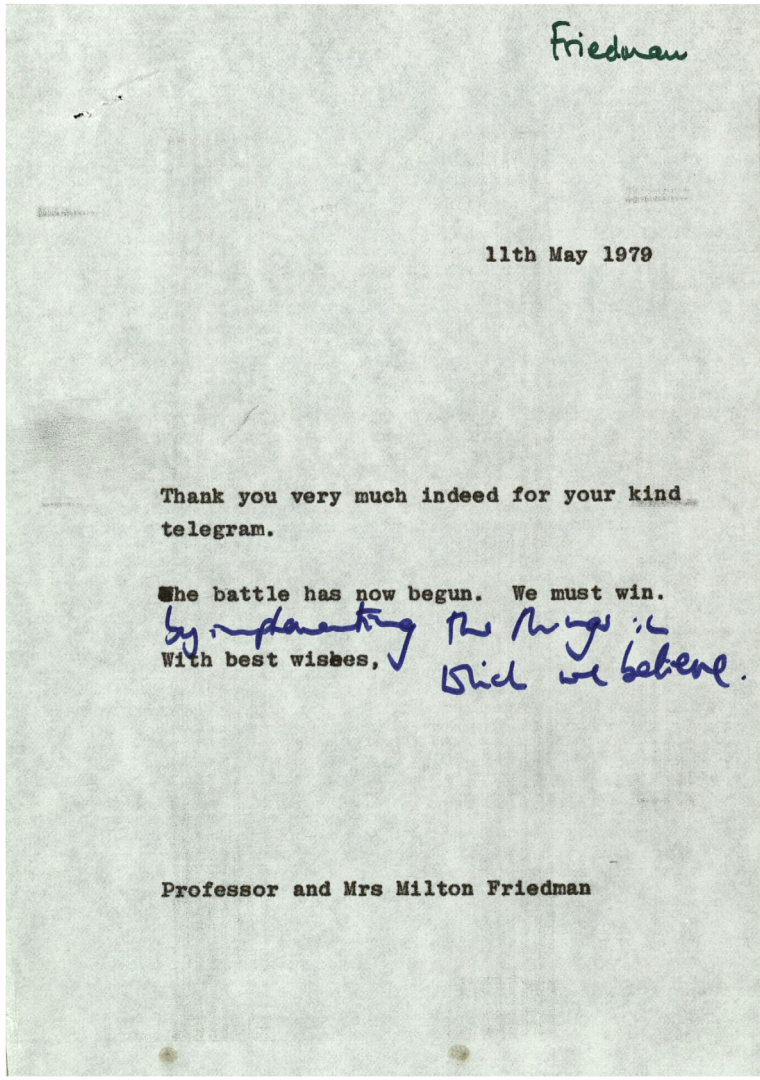
With best wishes and renewed thanks.

Yours sincerely,

Margaret Thatcher

Professor F A Hayek

FIGURE 2 Margaret Thatcher to Friedrich Hayek, May 18, 1979. MTFA-112178, p. 2. Reproduced with permission from the MTFA. Available at: https://www.margaretthatcher.org/document/112178


Friedman

11th May 1979

Thank you very much indeed for your kind telegram.

The battle has now begun. We must win.
By implementing the things in which we believe.
With best wishes,

Professor and Mrs Milton Friedman

FIGURE 3 Margaret Thatcher to Milton and Rose Friedman, May 11, 1979. MTFA-112535. Reproduced with permission from the MTFA. Available at: https://www.margaretthatcher.org/document/112535

Friedman also sent congratulatory wishes, to which Thatcher responded ebulliently (Figure 3):

> The battle has now begun. We must win. By implementing the things in which we believe.[21]

This last quote raises a final component that must be considered—the extent to which a religious-like belief and moral authority underwrote Thatcher's project. In part, this owes to her close associations with economists who saw moral and economic orders as interrelated. However, the archives suggest this also owes to Thatcher being raised a Methodist. This upbringing implanted within her a stern sense of asceticism and hard work, as she explained in an interview in 1985:

> For us, it was rather a sin to enjoy yourself by entertainment. Do you see what I mean? Life was not to enjoy yourself. Life was to work and do things.[22]

Throughout her political career, Thatcher drew on Methodist and Christian ideals, regularly referencing John Wesley, in speeches and statements.[23] Similarly, her remarks on the Protestant ethic demonstrate her resolute belief in the value of individual responsibility coupled with the "duty" to accumulate wealth:

> The essence of the Protestant word "ethic" is the Good Lord gave you talent and ability. You have a duty to use them, and when you have used them and become wealthy yourself, you also have a duty to others to try to help them and that is what we preach, but you have got to create the wealth before you can distribute it.[24]

Understanding the religious foundations of Thatcher's conviction of the morality of capitalism is a crucial piece of the ideological spirit motivating the reforms to the civil service throughout the 1980s. It is to these reforms we now turn, in particular considering the way that agencification emerged as a means of breaking resistance to the reforms pursued by Thatcher and her allies.

5.2 | Assault on the civil service

5.2.1 | Early steps

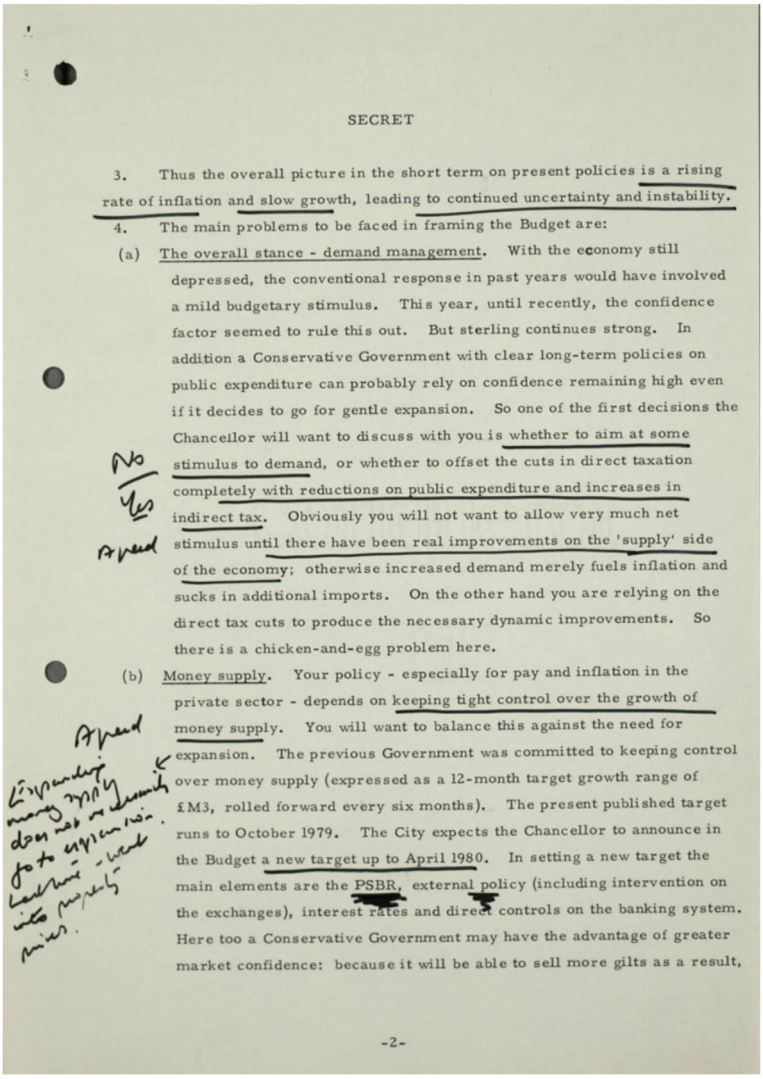
On assuming office, Thatcher set to work on reducing the state and its expenditure. To do this, she followed two lines of attack: reducing the size of the civil service and privatizing nationalized industries. At this stage, *there were no plans for agencification*.

For Thatcher, the civil service was a symbol of the excesses of welfarism and Keynesianism. In 1978, preparing for an election victory, Keith Joseph had written to Thatcher, advising her of plans to reform the civil service, focusing on reducing staff numbers and expenditure.[25] The Conservative Economic Reconstruction Group drew up similar plans in 1977, aiming at reducing the size of the public sector by "denationalization" (privatization) of public industries. These plans were set out in the "Final Report of the Nationalised Industries Policy Group"—"The Ridley Report."[26] This report set out a blueprint for "denationalization," dismembering unions, and "deindustrialization." Anticipating trade union and public resistance, the report states that a "frontal attack upon this situation is not recommended," advocating denationalization "more or less by stealth" (p15).[26]

On Thatcher's first day in office, she received an "incoming brief for new PM" (the "Hunt Brief") from the Cabinet Secretary, John Hunt.[27] The Hunt Brief listed many issues which would seem familiar to a prime minister taking office today: Europe, Devolution, Open Government, Ireland (p.1).[27] The top item on the list was the economy. The importance of the economy was set out in a report by the Central Policy Review Staff. The report stated that Britain was faring much worse than any other OECD nation.[28] Inflation stood at 16.1%, unemployment had reached a post-war record, and the UK needed politically sensitive borrowing from the IMF.

The Thatcher administration's economic strategy was to attempt to restore "self-reliance and self-confidence" by cutting social-security and personal taxation, increasing indirect taxation and nationalized industry prices, and by observing "proper monetary discipline."[29] Privatization would generate funds to pay for tax cuts.[30] But, in the short-term, income tax cuts would be funded by policy changes on individual programs and redundancies (pp.40–41).[30] Moves to "shrink the state" were instigated rapidly. An "informal Cabinet Meeting" implemented a "freeze on the recruitment to the civil service" just 4 days after the election.[31]

In terms of the economy, the incoming brief for the new PM set out two distinct options: firstly "whether to aim at some stimulus to demand" (a Keynesian approach)—this received a categorical "No" from Thatcher; secondly, "whether to offset the cuts in direct taxation completely with reductions on public expenditure and increases in indirect tax" (a "supply-side" policy)—this received a categorical "Yes" (Figure 4).[32]



SECRET

3. Thus the overall picture in the short term on present policies is a rising rate of inflation and slow growth, leading to continued uncertainty and instability.

4. The main problems to be faced in framing the Budget are:

(a) The overall stance - demand management. With the economy still depressed, the conventional response in past years would have involved a mild budgetary stimulus. This year, until recently, the confidence factor seemed to rule this out. But sterling continues strong. In addition a Conservative Government with clear long-term policies on public expenditure can probably rely on confidence remaining high even if it decides to go for gentle expansion. So one of the first decisions the Chancellor will want to discuss with you is whether to aim at some stimulus to demand, or whether to offset the cuts in direct taxation completely with reductions on public expenditure and increases in indirect tax. Obviously you will not want to allow very much net stimulus until there have been real improvements on the 'supply' side of the economy; otherwise increased demand merely fuels inflation and sucks in additional imports. On the other hand you are relying on the direct tax cuts to produce the necessary dynamic improvements. So there is a chicken-and-egg problem here.

(b) Money supply. Your policy - especially for pay and inflation in the private sector - depends on keeping tight control over the growth of money supply. You will want to balance this against the need for expansion. The previous Government was committed to keeping control over money supply (expressed as a 12-month target growth range of £M3, rolled forward every six months). The present published target runs to October 1979. The City expects the Chancellor to announce in the Budget a new target up to April 1980. In setting a new target the main elements are the PSBR, external policy (including intervention on the exchanges), interest rates and direct controls on the banking system. Here too a Conservative Government may have the advantage of greater market confidence: because it will be able to sell more gilts as a result,

-2-

FIGURE 4 Cabinet Secretary's incoming brief to new prime minister, May 4, 1979. PREM19-0029, p. 2. Reproduced under the terms of the Open Government License v3.0. Available at: https://www.margaretthatcher.org/document/112055

Although cutting "personal direct taxation" was central to the Thatcher government's economic ambitions, it was hitherto untested or based on merely "anecdotal" evidence that argued "present income tax rates act as an important disincentive to effort."[33] Indeed, because Thatcher pursued a radical political agenda, much of her policy appeared to be based on theoretical insights and moral-political conviction, rather than on a solid basis of empirical evidence.

The contraction of the state was linked rhetorically with ideas of freedom. Corporate tax cuts were argued to engender entrepreneurialism and hard work. These policies generated significant criticism, from both the Labor opposition and the Conservative party. In 1981, *The Times* reported that a group of "dissidents" revolted against the government after becoming "profoundly depressed by the obdurate attitude of the hardliners, who seem quite content to contemplate any sacrifice to maintain doctrinal purity."[34] Edward Heath, the former leader and prime

minister, also came out in public opposition to the government, describing Thatcher's economic policies as "pure dogma," asserting that monetarism "no longer had any intellectual justification, if it ever did."[35]

The challenges that state contraction would present to Cabinet Ministers were well understood by John Hunt (Cabinet Secretary). While he agreed that "in any organization as large as the Civil Service there will be waste in some areas … the real problem is to motivate the line managers" to make cuts.[36] He argued that senior civil servants, as would be expected in the Westminster Model, were mainly involved in policy and serving the needs of their Ministers. In effect, Hunt's briefing saw senior civil servants and Ministers as the main obstacle to cutting "waste in administration."[36] They would be unwilling "to devote time to the detailed, and in personal political terms unrewarding, work required."[36] The importance of Ministerial support for cuts was further emphasized by Hunt when he noted that a previous administration's scheme to cut waste, the "Programs, Analysis and Review" (PAR) system, "wither[ed] precisely because Ministers react against the disturbance and interference with their own parishes which can result."[36] While Thatcher's (handwritten) comment on PAR was rather dismissive—"they were well-nigh useless"[36]—the archives suggest that it took Thatcher *7 years* to appreciate the importance of Hunt's concerns around ministerial and civil servant resistance to administrative reform.

Hunt also noted that Thatcher had her "own ideas about how the 'war on waste' should be conducted."[36] Just 4 days after election victory, she set up the "Efficiency Unit," designed with the express purpose of making major cuts to public expenditure. The unit was headed by Derek Rayner, then joint managing director of Marks & Spencer. Discussions about Rayner's appointment and the construction of an "Efficiency Unit" began before the election victory.[37] The Efficiency Unit comprised a small team of civil servants who would carry out "scrutinies" on departments. Rayner was described as a "hatchet man who will go for the things that the normal PESC [Public Expenditure Spending Committee] process will miss" and deliver "rougher justice in administration."[38] Rayner's small team came to be known as "Rayner's Raiders" due to their combative approach. Rayner's plan was to change the mentality of civil servants to a "business-like"/"efficient" one. Reporting to Thatcher in March 1980, Rayner suggested four key aims for reform, one of which was:

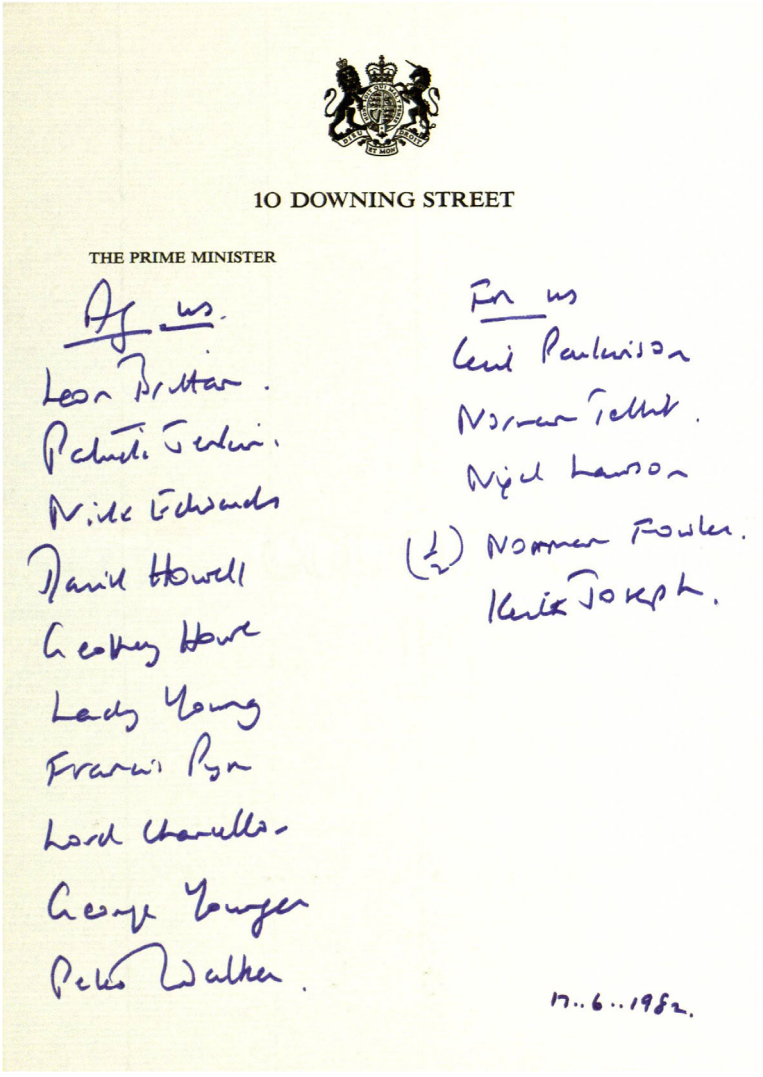
> To alter the culture of Whitehall so as: - to drive home the fact that managing activities efficiently is of equal merit to thinking through policies and analyzing issues…[39]

Through the Efficiency Unit, Thatcher had a conduit for promoting the idea that "business-style efficiency" was at least as important as the analysis of issues and policymaking (central-planning).

The flurry of activity in the first week and early months of Thatcher's first term in office show that the Thatcher government proceeded immediately in its attempts to shrink government and make it more "business-like/efficient." Next, we turn to how she set about achieving this in the longer term, and how the main obstacles to change were Ministers and senior civil servants.

5.2.2 | The first 7 years: Resistance and reluctance

A major way in which the Thatcher government sought to "shrink the state" was through privatization of nationalized industries. Running in parallel to the privatization of state-owned industries were the activities of the Efficiency Unit. The archives contain a series of letters sent every January/February to the PM's office by Cabinet Ministers who had been ordered to put forward areas in their department that might undergo scrutinies. These letters reveal a growing reluctance by Ministers to participate in the process.[40] Ministers never specifically criticize the scrutinies, but rather make cases for not participating in them. Contrary to notions of a government under the strict control of the "Iron Lady", Thatcher did not carry the support of the majority of her cabinet (see Figure 5).


10 DOWNING STREET

THE PRIME MINISTER

Against us.
Lord Britton.
Richard Eden.
Mike Edwards
David Howell
Geoffrey Howe
Lady Young
Francis Pym
Lord Chancellor
George Younger
Peter Walker.

For us
Cecil Parkinson
Norman Tebbit.
Nigel Lawson
(½) Norman Fowler.
Keith Joseph.

17..6..1982.

FIGURE 5 List written by Margaret Thatcher of ministers "against us" and "for us," June 17, 1982. MTFA-122782. Reproduced with permission from the MTFA. Available at: https://www.margaretthatcher.org/document/122782

Furthermore, the scrutinies did not produce significant cost savings. In Thatcher's own department, the Cabinet Office, running costs *increased* by 9% in 1983.[41] A 1986 review of the scrutinies demonstrated a significant gap between the savings identified in the Scrutiny reports and savings realized (National Audit Office, 1986) (Figure 6).

In 1983, Rayner was replaced as the Prime Minister's Adviser on Efficiency and Effectiveness by Robin Ibbs, who stated that while the scrutinies were valuable, their savings "did not amount to a row of beans against the general level of total expenditure" (Ibbs, cited as in Kandiah & Lowe, 2007, p. 108). Writing to Thatcher, Ibbs stated, "We need to find out what more we can do to accelerate the change in management style throughout the Service."[42]

By 1986, and perhaps before this, it had become clear that civil service culture and expenditure could not be easily changed by cutting budgets, unleashing ambitious young civil servants to scrutinize critical areas, encouraging Ministers to think like managers, nor by introducing various assemblages of accounting technologies. Those

Table of Scrutiny Results (At price levels ruling at the time individual scrutinies were undertaken)

	Annual savings indentified in Scrutiny Reports £ million	Annual savings expected when all accepted recommen-dations are fully implemented £ million	Annual savings actually secured by 1983–84 £ million
All Scrutinies	421	271	171
Chapter 2 (Inland Revenue)	49.0	32.4	24.0
Chapter 3 (Home Office)	39.8	12.2	0.4
Chapter 4 (FCO)	3.5	1.0	0.9
Chapter 5 (DHSS)	123.6	53.4	26.0
	215.9	99.0	51.3

FIGURE 6 "The Rayner Scrutiny Programmes, 1979 to 1983." NAO, 1986, p. 4. Reproduced under the terms of the Open Government License v3.0. Available at: https://www.nao.org.uk/pubsarchive/wp-content/uploads/sites/14/2018/11/The-Rayner-Scrutiny-Programmes-1979-to-1983.pdf

sympathetic with the reforms sought by Thatcher even spoke of "an unholy alliance" between civil servants and ministers who insisted on preserving their working cultures and practices.[43] The "Whitehall philosophy," a phrase coined by Rayner in the early period of his appointment to describe the approach of civil service to management, persisted.[44] A contemporaneous piece in *Public Administration* concluded similarly: "thus far at least, essentially, the 'old Civil Service' has survived" (Fry, 1988, p. 18). Thatcher still felt serious resistance to her vision for a "business-efficient" civil service. Something more radical was needed to bring about change.

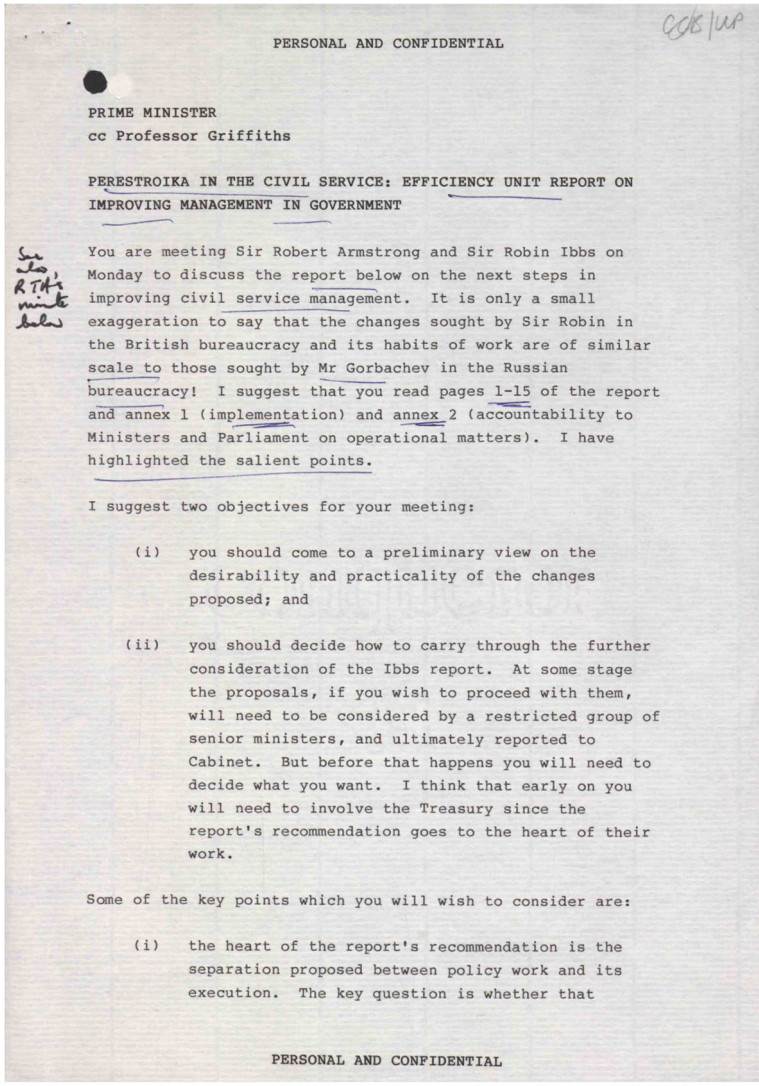
We describe next how the "solution" to Thatcher's problems—*agencification*—came in a 35-page Efficiency Unit report "Improving Management in Government: The Next Steps" (*Next Steps*), which set out comprehensive changes to the structure of government.

5.2.3 | *Next Steps* and agencification: Breaking resistance

The report was commissioned in November 1986. Three members of the Efficiency Unit under the supervision of Ibbs used "the scrutiny process"—researching and producing the *Next Steps* report within 90 days. *Next Steps* was very critical of progress in implementing reforms, finding that "there is still a long way to go" and that there was a "strong sense that radical change in the freedom to manage is needed urgently if substantially better results are to be achieved" (Jenkins et al., 1988, pp. 1, 7).

Next Steps further stated that for senior civil servants cultivating close relationships with politicians was most important to their career progression and that "management," as an activity, was hardly relevant to their careers. The "golden route to the top," said one civil servant, "is through policy not through management" (Jenkins et al., 1988, p. 3). For civil servants, "Complying with rules and regulations was more important than outcome" (Jenkins & Gold, 2011, p. 11).

The main recommendation of *Next Steps* was that large government departments should be disaggregated and split into agencies—*agencification*. Agency heads, now called "Chief Executives," were to be put *wholly* in charge of how their agencies would operate within a policy and resources framework set by a department. Agency staff were



PERSONAL AND CONFIDENTIAL

PRIME MINISTER
cc Professor Griffiths

PERESTROIKA IN THE CIVIL SERVICE: EFFICIENCY UNIT REPORT ON IMPROVING MANAGEMENT IN GOVERNMENT

You are meeting Sir Robert Armstrong and Sir Robin Ibbs on Monday to discuss the report below on the next steps in improving civil service management. It is only a small exaggeration to say that the changes sought by Sir Robin in the British bureaucracy and its habits of work are of similar scale to those sought by Mr Gorbachev in the Russian bureaucracy! I suggest that you read pages 1-15 of the report and annex 1 (implementation) and annex 2 (accountability to Ministers and Parliament on operational matters). I have highlighted the salient points.

I suggest two objectives for your meeting:

(i) you should come to a preliminary view on the desirability and practicality of the changes proposed; and

(ii) you should decide how to carry through the further consideration of the Ibbs report. At some stage the proposals, if you wish to proceed with them, will need to be considered by a restricted group of senior ministers, and ultimately reported to Cabinet. But before that happens you will need to decide what you want. I think that early on you will need to involve the Treasury since the report's recommendation goes to the heart of their work.

Some of the key points which you will wish to consider are:

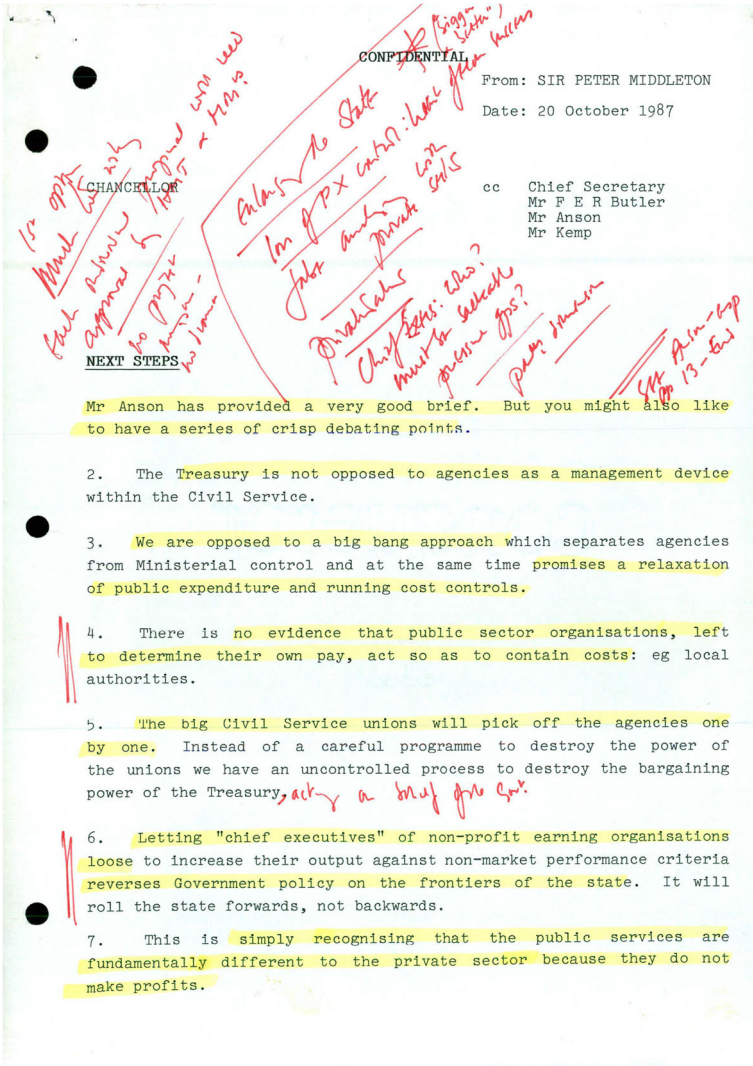
(i) the heart of the report's recommendation is the separation proposed between policy work and its execution. The key question is whether that

PERSONAL AND CONFIDENTIAL

FIGURE 7 "PERESTROIKA IN THE CIVIL SERVICE," April 3, 1987. PREM19-2203, p. 158. Reproduced under the terms of the Open Government License v3.0. Available at: https://www.margaretthatcher.org/source/prem19/prem19-2203

to be trained in how to develop and interpret government policy and "manage the agencies in a way that can maximise results" (Jenkins et al., 1988, pp. 9–13). Significantly, Ministers could have *no* say in the way agencies operate, nor interpret policy, in effect reducing the role of Ministers to "target setters." Thatcher's main obstacle to "reform," the bloc formed by Ministers and their civil servants, would be demolished.

Although completed in March 1987, *Next Steps* remained confidential until February 1988. This was due to its radical nature, and the opposition it attracted from the civil service, Thatcher's own principal private secretary and press secretary (both Thatcherite stalwarts), from Ministers, and from trade unions. So radical was *Next Steps*, Thatcher's principal private secretary described it as "PERESTROIKA IN THE CIVIL SERVICE" (Figure 7):



CONFIDENTIAL

From: SIR PETER MIDDLETON

Date: 20 October 1987

CHANCELLOR

cc Chief Secretary
Mr F E R Butler
Mr Anson
Mr Kemp

NEXT STEPS

Mr Anson has provided a very good brief. But you might also like to have a series of crisp debating points.

2. The Treasury is not opposed to agencies as a management device within the Civil Service.

3. We are opposed to a big bang approach which separates agencies from Ministerial control and at the same time promises a relaxation of public expenditure and running cost controls.

4. There is no evidence that public sector organisations, left to determine their own pay, act so as to contain costs: eg local authorities.

5. The big Civil Service unions will pick off the agencies one by one. Instead of a careful programme to destroy the power of the unions we have an uncontrolled process to destroy the bargaining power of the Treasury.

6. Letting "chief executives" of non-profit earning organisations loose to increase their output against non-market performance criteria reverses Government policy on the frontiers of the state. It will roll the state forwards, not backwards.

7. This is simply recognising that the public services are fundamentally different to the private sector because they do not make profits.

FIGURE 8 Chancellor of the Exchequer on Next Steps agencies, October 20, 1987. HMTPO-T640-0770, p. 4. Reproduced under the terms of the Open Government License v3.0. Available at: https://www.margaretthatcher.org/source/hmtpo/t640-0770

> It is only a small exaggeration to say that the changes sought by Sir Robin in the British bureaucracy and its habits of work are of similar scale to those sought by Mr Gorbachev in the Russian bureaucracy!

But, the report was also delayed from publication because it revealed "how little her much-vaunted Whitehall revolution (itself a prominent feature in the 1987 election manifesto) had achieved in eight years" (Hennessy, 1989, p. 620).

The Treasury was particularly hostile to *Next Steps* and agencification, believing it would "roll the state forwards, not backwards," and argued that functions should be abolished or privatized, not made into agencies (Figure 8).[45]

The Chancellor was particularly concerned about his loss of control over budget responsibility, but also argued that agencies would undermine parliamentary accountability.[46] This secondary concern was the seed that grew into

"accountability" coming to mean giving an account of contractual outcomes, mainly the achievement or otherwise of performance targets.

After the Treasury was mollified, agencification proceeded at pace. Importantly, there was no trial stage of agencification to test its workings in practice before widespread implementation. Instead, the Efficiency Unit proposed rapid transformation of government, planning that 95% of 600,000 civil servants would work in agencies within 5 years of the announcement of *Next Steps*.[47] Mass agencification proceeded without any empirical evidence to show that agencies would improve government performance or efficiency. The decision to make very fundamental changes to government was based solely upon the 90-day, 35-page *Next Steps* report produced by Robin Ibbs and three members of the Efficiency Unit.

6 | DISCUSSION

6.1 | Agencification and the pursuit of efficiency

Drawing on historical archives, we have examined how Margaret Thatcher and her allies sought to make government more "efficient." Under Thatcher, business-efficiency became the measure of good state governance. This conflicted with traditional welfare state missions and values, such as redistribution, full employment, subsidized housing, and combatting inequality.

With her valorization of markets, and moralizing emphasis on individual responsibility and the need to cut state spending, Thatcher's notion of efficiency can be characterized as a contemporary manifestation of Methodist "ascetic ethics" (Weber, 1930). For Methodists, ascetic conduct and hard work were the sign of salvation and faith in God. In Thatcher's project, "business-like" conduct and strict spending cuts were the sign of an absolute faith in the power of markets. Accordingly, any obstacles to the workings of markets (taxation, unions, regulation) and the spread of a "market mentality" in government (the bloc of Ministers and civil servants) had to be removed. Where tax cuts, privatizations, and deregulation reduced state "interference" in the economy, agencification broke resistance to efforts at making government more "business-like."

Crucially, while Thatcher and her supporters came to power in 1979 with a well-formed capitalist spirit and neoliberal vision, *they had no plans to create agencies*. Agencification was not part of a pre-determined ideological neoliberal blueprint, it was simply a pragmatic response to attenuate the power of recalcitrant Ministers and their civil servants who resisted her efforts to make them more "business-like." Up until 1988, Thatcher had very much pursued the "NPM creed" of making Ministers into "hands-on public managers"; agencification broke with this strategy, placing a "corporatization creed of professional managers at the top, with Ministers in a strictly *hands-off* role" (Hood, 1991, p. 6, emphasis added). Agencification was merely the *method* adopted by Thatcher, the object was *to change the heart and soul*.[48] Nonetheless, agencification was ideologically consistent with the theories of Hayek and Friedman, who were adamant that the power vested in democratically elected officials should be drastically circumscribed (Brown, 2019). There is a profound irony here. Despite being a policy about which Thatcher was not ideologically passionate, agencification has left a deep and lasting mark upon the workings of government and democracy in the UK. Next, the contemporary lessons from agencification are considered, with particular emphasis placed on the fate of democracy.

6.2 | Contemporary lessons on corporatization from agencification

What relevance does a historical study of agencification in the British state in the 1980s hold for us today in understanding corporatization? We see important lessons in the historical flow from "business-like" agencies to businesses as vehicles for public service delivery. Thus, one answer to this question concerns a well-noted feature common to

agencification and corporatization: the distancing of elected officials from the control of the operational aspects of public services. Under both institutional forms, accountability takes on the guise of output metrics and compliance with contracts within a regulatory framework. In both, economic efficiency is the measure of good governance. Irrespective of whether corporatization is enacted by left or right-wing administrations (Andrews et al., 2020), or is used to extend or resist neoliberal policies and practices (Ferry et al., 2018), by distancing public services from what neoliberals call political interference, corporatization, like agencification, diminishes democratic control of public services by elected officials. Arguably, the global spread of agencification legitimated the anti-democratic trend of corporatization.

A second feature, common to both processes, especially under neoliberalism, is their focus on delivery and performance rather than administrative "process." This can,

> slide into a sense that outcome is the only true reality and that process is flummery. But, the two are not antithetical, still less inimical to one another. Process is care and thoroughness; it is consultation, involvement, and co ownership; it is … legitimacy and acceptance; it is also record, auditability, and clear accountability. It is accordingly a significant component of outcome itself… Quinlan, cited as in du Gay and Morgan (2013, p. 284)

The Westminster Model procedures, rather than being "inefficient," were a critical means to achieve fair democratic governance. These were trampled by NPM enthusiasts seeking "rougher justice in administration."[49]

Thirdly, both agencification and corporatization involve the creation of "output-silos" operating in isolation from and in competition with other public service bodies. This is in distinction to traditional public service synergistic, horizontally unified state machinery. Of course, centralized/state planning was an anathema to Thatcher, yet the potential synergies of "joined-up" public services could produce genuine cost savings. McDonald (2014, p. 15) describes corporatized silos as engendering a "blinkered and myopic approach to service planning." This may be part of the reasoning behind the recent return of some services to the public sector.

7 | CONCLUSION

McDonald (2014) argues that corporatization is an institutional vessel into which different ideological fluids can be poured. If the ideology which dominates is neoliberal capitalism, this implies certain imperatives: increase profits; maximize shareholder value. Nevertheless, the corporate form has the "advantage" of limited liability, so can be "used" by weaker administrations to protect public services from the ravages of austerity (Ferry et al., 2018). Significantly, corporatization is not adopted to increase the democratic control of public services. Corporatization offers opportunities for evading traditional mechanisms of public oversight and control, and for establishing exclusive, opaque decision-making arenas dominated by the rich (Citroni et al., 2015, p. 90). Senior politicians may appoint their "friends" to lucrative roles, while distancing and insulating themselves from politically contentious issues (Christensen & Pallesen, 2001).

More recently, New Public Governance (NPG) and Public Value have been developed as alternatives to NPM. NPM and NPG have different roots—NPM in economics and NPG in organizational sociology and network theory (Osborne, 2006). As such, NPG can align with contemporary management theory, which is concerned with inter-organizational, networked relationships (Osborne, 2006). NPG primarily focuses on *public* (not private) sector values, and is aimed at improving the *outcomes* of collaborative efforts in a pluralist state (Almquist et al., 2013). Inter-organizational relationships (private-state) built on trust and interdependence could lead to better public service provisions (Argento & Peda, 2015; Krause & Swiatczak, 2020). NPG provides a framework to analyze public policy evolution and generate new theory (Osborne, 2006).

NPG reflects the optimism in some contemporary public administration literature. Proponents of NPG see the end of the "administration versus management" dichotomy. Others see corporatization as part of a new movement dedicated to "serving, not steering" (Denhardt & Denhardt, 2015), with a democratic spirit at its core (Bryson et al., 2014). But we are concerned that the growth of corporatization represents a continuation of a still vibrant NPM movement (Hyndman & Lapsley, 2016) and a further development in the stealthy, "termite like" hollowing out of the institutions of liberal democracy by neoliberalism (Brown, 2015).

Peters and Pierre (1998) argue that market-driven administrative reforms, compelled by fiscal crises, have reshaped many of the traditional features of the public bureaucracies of Western European democracies with an increased emphasis on efficiency. "Efficiency," a core NPM value, has become the leitmotiv of government. Within a corporatized architecture of government, imbued by neoliberal-NPM, any new administration with ambitious plans for change will inherit government machinery which is, at best, ill-suited for this purpose. We believe that this should be of great concern to those who value democracy free from the imperatives of capitalism.

ACKNOWLEDGMENTS

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CONFLICT OF INTEREST

There is no conflict of interest associated with this study.

DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available from the Margaret Thatcher Foundation. Restrictions apply to the availability of these data, which were used under license for this study. Data are available at https://www.margaretthatcher.org/archive. Permission to reproduce Figure 1 was provided by Professor Bruce J. Caldwell (The General Editor of the Collected Works of F.A. Von Hayek). Permission to reproduce Figures 2, 3, and 5 was provided by the Margaret Thatcher Foundation. Permission to reproduce Figures 4, 6, 7, and 8 is provided under the terms of the Open Government Licence v3.0.

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[1] As cited by Margaret Thatcher in her speech to the General Assembly of the Church of Scotland, 1988. MTFA-107246.

[2] MTFA-103687.

[3] Although benefit *per person* decreased (Mack & Lansley, 1985, pp. 242–243).

[4] "Doctrine 6: Stress on private sector styles of management practice" (Hood, 1991, p. 5).

[5] https://www.margaretthatcher.org/archive.

[6] Cited as 'MTFA-REF#'.

[7] Cited as 'PREM19-REF#'.

[8] https://www.margaretthatcher.org/archive/HMTPO_list.asp. Cited as 'HMTPO-REF#'.

[9] MTFA-104107.

[10] Speech, 1977. MTFA-103329.

[11] MTFA-102990.

[12] MTFA-111272.

[13] MTFA-102472.

[14] "The IEA is the UK's original free-market think-tank, founded in 1955." See: https://iea.org.uk/about-us.

[15] MTFA-114767.

[16] MTFA-101830.

[17] Speech, 1977. MTFA-103329.

[18] Speech, 1977. MTFA-103336. See also: MTFA-104107.

[19] Hayek: MTFA-117148, MTFA-117206. Friedman: MTFA-117157.

[20] MTFA-112178.

[21] MTFA-112535.

[22] MTFA-105830.

[23] MTFA-106660.

[24] MTFA-106679.

[25] MTFA-111832.

[26] MTFA-110795.

[27] MTFA-112058.

[28] PREM19-0037, p. 24.

[29] MTFA-110858.

[30] PREM19-0037, pp. 7, 13, 15.

[31] PREM19-0005, p. 190.

[32] PREM19-0029, p. 2.

[33] PREM19-0037, p. 9.

[34] MTFA-153142.

[35] MTFA-114190.

[36] PREM19-0024, p. 100.

[37] MTFA-111884.

[38] PREM19-0060, pp. 287–288.

[39] PREM19-0147, p. 106.

[40] PREM19-0778, pp. 84, 91, 99–101; PREM19-0777, pp. 19–22.

[41] PREM19-0964, pp. 4–9.

[42] PREM19-1774, p. 34.

[43] PREM19-1774, p. 172.

[44] PREM19-0060, p. 10.

[45] HMTPO-T640-0770, pp. 4–5.

[46] HMTPO-T640-0770, pp. 124–126.

[47] PREM19-2203, p. 191.

[48] Thatcher: "Economics are the method; the object is to change the heart and soul." MTFA-104475.

[49] PREM19-0060, pp. 287–288.

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